

Washington, DC -- U.S. Representative, Michael A. Arcuri (D-Utica) voted today for the bipartisan Accountability in Contracting Act (H.R.1362), which would restrict no-bid federal government contracts and increase transparency and accountability in federal contracting to eliminate waste, fraud and abuse of taxpayer money.

“The Accountability in Contracting Act is a step in the right direction to end the no-bid contracts awarded in Iraq and the billions of hard-earned taxpayer dollars wasted by the Administration,” said Arcuri, “American taxpayers have no choice, but to balance the books each month and spend their hard-earned money in a fiscally responsible way. It’s time for the Administration to practicing fiscal responsibility. The American people deserve to know how their tax dollars are spent, and by passing this legislation we are bringing more transparency and integrity to the process.”

The latest in a series of accountability legislation enacted by the 110th Congress, H.R. 1362 ends waste in federal contracting by reducing the use of no-bid contracts, mandating disclosure of no-bid contracts and contract overcharges, and closing the revolving door between government procurement officials and private contractors.

Under the Bush Administration, spending on federal contracts has grown by \$175 billion, making federal contracts the fastest growing component of the federal budget. The federal government now spends nearly 40 cents of every discretionary dollar on contracts with private companies, a record high.

Arcuri is also a co-sponsor of the Operation Iraqi Freedom Cost Accountability Resolution (H.Res. 97), introduced in January to provide accountability and oversight for the war in Iraq. This resolution, crafted by the Congressional Blue Dog Caucus, calls for full Congressional oversight of the funding for Operation Iraqi Freedom and detailed accounting of funds spent in Iraq.

“It is a grave disservice to our brave men and women in uniform that while they serve their country there is documented waste and fraud in the funding of Operation Iraqi Freedom,” Arcuri said. “The Operation Iraqi Freedom Cost Accountability Resolution would create a Truman Committee to conduct an ongoing study and investigation of the awarding and carrying out of contracts by the United States, shedding light on no-bid contracts that have been awarded at

the expense of taxpayers and the safety and wellbeing of our brave men and women in uniform.”

Through hearings and investigations this year, it has become know that an estimated \$10 billion in Iraq Reconstruction spending had been wasted as a result of overcharging, poor tracking, and mismanagement by U.S. contractors.

A copy of Arcuri’s remarks in support of the Accountability in Contracting Act, submitted into the Congressional Record, is included below:

The Honorable Michael A. Arcuri (NY-24)
In the House of Representatives
Thursday, March 15, 2007

I thank my good friend and Rules Committee colleague from Florida for yielding.

Mr. Speaker, it is time to reign in this Administration’s prevalent use of no-bid contracts. I urge all my colleagues on both sides of the aisle to support this rule and the Accountability in Contracting Act.

In the last five years, spending on “no-bid” or “sole-source” contracts has more than doubled. The Administration contends that in every one of these cases there were “urgent and compelling needs” that required these contracts to be awarded without a competitive bidding process. In the case of the emergency response to disasters like hurricanes Katrina and Rita, I don’t dispute that the need was urgent, but for non-emergency contracting needs, we must get our fiscal house in order.

Just as any family has a budget to stick to, shouldn’t we reach a point after an emergency when there has been enough time to consider multiple, competitive bids? A point after which the “compelling needs” are a little less urgent? By last June – nine months after Hurricane Katrina

– \$10.6 billion had been awarded to private contractors for recovery efforts, but only 30 percent of that had been awarded competitively.

I know of no small business in Upstate New York, who could get by without reasonably budgeting for their expenses—even in times of emergency. Why should taxpayer dollars be spent differently?

Oversight of these contracts has been no better. Audits have revealed that post-Katrina contractors have over-billed, double-billed, and billed for work that was never completed. The Defense Contractor Audit Agency found that through fiscal year 2006, over \$10 billion in contractor charges in Iraq have been identified as “questioned” or “unsupported.”

Under this Administration, the use of “cost plus” contracts has increased more than seventy-five percent. These cost-plus contracts guarantee a contractor a fixed profit, regardless of whether how efficiently they spend the government’s money – taxpayers’ money. These contracts provide no incentive to look after the bottom line because they guarantee there will always be money off the top. When indefinite, no-bid contracts contain “cost-plus” provisions, the opportunity for foul play is only amplified.

The Accountability in Contracting Act addresses these concerns. This bill limits to roughly one year the time that federal no-bid contracts can last. It requires each federal agency that has awarded at least \$1 billion in the preceding fiscal year to develop and implement a plan to minimize the use of contracts entered into using no-bid procedures and cost-reimbursement type contracts. The bill also establishes a system to increase competition in contract bidding and requires agencies that enter into a no-bid contract to make “justification and approval” documents public within fourteen days after awarding a contract.

Mr. Speaker, we have a responsibility to the American people to spend their hard-earned tax dollars in a fiscally responsible way. And the Accountability in Contracting Act will help reach that end by providing much-needed transparency to the way the federal government awards contracts.

Thank you, I yield back the balance of my time.

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